

**HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN  
HOWARD COUNTY RETIREMENT PLAN**

**JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES**

**April 26, 2018**

A joint meeting of the Retirement Plan Committees for the Howard County Police and Fire Employees' Retirement Plan (the "Police and Fire Plan") and the Howard County Retirement Plan (the "Employees Plan") (jointly, the "Plans") was held on Thursday, April 26, 2018 at 9:00 a.m. in the Columbia/Ellicott City Room at the George Howard Building, 3430 Court House Drive, Ellicott City, Maryland 21043.

**Police and Fire Plan:**

**Members Present:**

Human Resources Administrator: Wanda Hutchinson  
Chief Administrative Officer: Lonnie Robbins  
Director of Finance: Janet Irvin  
Budget Administrator: Holly Sun (left at 11:05 a.m.)  
Representative, Police Department Supervisory Employees:  
    Jason Luckenbaugh (Voting Member in Fiscal Year 2018)  
Representative, Fire and Rescue Supervisory Employees:  
    Vincent Baker (Non-Voting Member in Fiscal Year 2018)  
Representative, Howard County Police Officers' Association, Lodge 21:  
    Mark Thomey  
Representative, International Association of Firefighters, Local 2000:  
    Richard Ruehl

**Members Absent**

None

**Employees Plan:**

**Members Present:**

Human Resources Administrator: Wanda Hutchinson  
Chief Administrative Officer's Designee: John Peterson  
Acting Deputy Director of Finance: Angie Price  
Budget Administrator Designee: Janssen Evelyn  
Employee Representative: Jeff Bronow  
Representative, American Federation of State, County and  
    Municipal Employees Local 3080: Kim Drennon  
Representative, American Federation of State, County and Municipal  
    Employees Local 3085: Dale R. Chase (left at 9:55)

### Members Absent

None

Also present for all or a portion of the meeting were:

Sima Taghavi, Department of Finance  
Lori Buchman, Department of Finance  
Trevor Jackson, Summit Strategies Group  
Mary Claire Chesshire, Whiteford, Taylor & Preston L.L.P.  
Teresa M. Reider, Retirement Coordinator  
Jamar Herry, Office of Law  
Craig Hoover, Police Officer (replacing Mark Thomey)

Wanda Hutchinson acted as Chair of the Meeting and Mary Claire Chesshire acted as Secretary.

Minutes of the March 29, 2018 meeting were unanimously approved by the members of both Committees.

Under general business, Wanda Hutchinson advised the Committees that the RFP for an investment consultant is in the development process. Wanda anticipates an August, 2018 release of the RFP with a new contract in place by January, 2019.

Jeff Bronow reported on the ongoing discussion regarding retention of Robbins Geller Rudman & Dowd to provide portfolio monitoring services. Jeff noted, specifically, that Robbins Geller conducts international monitoring. A question was raised about the data requirements for an audit.

A motion was made and seconded to review the proposed Robbins Geller contract with the Office of Law and determined how to proceed. The motion was unanimously approved.

Holly Sun reported that the County's contributions will match the actuary's recommendation of contributions of 33.1% of base pay for the Police and Fire Plan and 11.5% of base pay for the Retirement Plan.

Terry Reider provided an update for the Committees on the cost-of-living adjustments that will be applied to retirees' benefits effective July 1, 2018. The cost-of-living adjustment will equal 2.2662%. Terry also provided an overview of the maximum cost-of-living adjustment applicable to each Plan and how the "catch-up" provision works in operation and provided a 10 year history of the cost-of-living increases. The Committees discussed the cost-of-living adjustments for other jurisdictions and social security benefits. The Committees also discussed the fact that there is no overall cap on the cost-of-living adjustments.

Mary Claire Chesshire then conducted fiduciary training for the Committees, including identification of the fiduciaries of the Plans, why certain advisors to the Plans are not fiduciaries, the state law governing fiduciary behavior and, the responsibility to administer the Plans in the compliance with the documents, duty of loyalty, a prudent investor rule, and the duties to diversify investments and avoid prohibited transactions. Examples of conflicts of interest and the necessity of recusal were also discussed, along with remedies and penalties for breaches of fiduciary duty. Finally, the Committees discussed how to prevent liability for breaches of fiduciary duty, including obtaining fiduciary insurance. Dale Chase raised a concern regarding the contents of the fiduciary liability policy currently in place for the County and suggested conducting a review of the policy to ensure that the necessary coverage is in place.

Trevor Jackson then provided an overview for the Committees of emerging markets investments. Specifically, Trevor identified developed versus emerging markets. While China is large, it is not an open country in terms of regulation and lack of transparency and the ability to manipulate currency.

Trevor also explained that the difference between frontier and emerging markets is the size of the market capitalization. Trevor highlighted for the Committees the concentration of the U. S. equity market. Specifically, 15% of U. S. companies comprise 81% of U. S. market capitalization.

Since 2000, emerging markets have taken on a larger weight in the global equity market. For example, in 2000, emerging markets comprised 3% of global equity capitalization whereas as of December 31, 2017, emerging markets comprised 12% of global equity capitalization. Trevor also compared for the Committees the international versus domestic equity investments and explained why passive investing is so popular in the large capitalization space. Specifically, active managers have a difficult time outperforming the benchmarks and justifying their fees.

At 10:17 a.m., a motion was made by John Peterson and seconded by Janssen Evelyn to close the meeting pursuant to General Provisions Article § 3-305(b) to consider the investment of public funds and to comply with a specific constitutional, statutory or judicially imposed requirement that prevents public disclosure about a particular matter or proceeding. Wanda Hutchinson, John Peterson, Angie Price, Janssen Evelyn, Jeff Bronow, and Kim Drennon all voted in favor of the motion, Dale Chase was absent, there were no negative votes or abstentions.

At 10:17 a.m., a motion was made by Jason Luckenbaugh and seconded by Wanda Hutchinson to close the meeting pursuant to General Provisions Article § 3-305(b) to consider the investment of public funds and to comply with a specific constitutional, statutory or judicially imposed requirement that prevents public disclosure about a particular matter or proceeding. Wanda Hutchinson, Janet Irvin, Holly Sun, Lonnie Robbins, Jason Luckenbaugh, Mark Thomey, and Richard Ruehl, voted in favor of the motion. Vince Baker was absent, there were no abstentions or negative votes.

During the closed session, representatives of Magnitude Capital and Blackstone Alternative Asset Management discussed the investment philosophy and performance of the funds they manage.

At 11:30 a.m. a motion to open the meeting was unanimously approved.

Trevor Jackson continued the discussion of emerging markets. Summit provides long-term capital market assumptions each quarter. As of December 31, 2017, the expected return of emerging markets is 7.5% resulting in 0.75% manager excess return. Trevor explained how Summit develops its predictions of asset class performance.

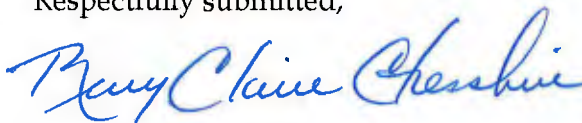
Trevor noted for the Committees that the portfolio's emerging markets manager, DFA uses active management with a value bias. Trevor advised the Committees to think about adding a more growth-oriented fundamental emerging market manager to balance DFA's value bias. The allocation to emerging markets would not change; if a growth-oriented fundamental emerging market manager is added, the allocation would be split with DFA. Trevor is not recommending adding an activist or regional emerging market manager at this time.

Upon motion duly made and seconded, it was resolved to cause Summit Strategies to conduct a search for a growth-oriented fundamental emerging market manager for the Committees' consideration. The motion carried unanimously.

In closing, Wanda Hutchinson reminded the Committees that the Pension Oversight Commission is scheduling a meeting for early May to discuss its annual report. The meeting will be open to the public and the subcommittee appointed to review the draft report, and any member of the Committees, was encouraged to attend the meeting of the Pension Oversight Commission.

There being no further business, the meeting adjourned at 11:50.

Respectfully submitted,



Mary Claire Chesshire  
Secretary of the Meeting